



**Testimony of Hilary Schneider, Maine Government Relations Director,  
American Cancer Society Cancer Action Network**

**In Opposition to LD 1628 “An Act To Exempt Nonprofit Agricultural Membership  
Organizations from Insurance Requirements”**

**May 5, 2021**

Good afternoon, Senator Sanborn, Representative Tepler, and members of the Health Coverage, Insurance and Financial Services Committee. My name is Hilary Schneider and I am the Maine Government Relations Director for the American Cancer Society Cancer Action Network (ACS CAN). ACS CAN, the nonprofit, nonpartisan advocacy affiliate of the American Cancer Society, supports evidence-based policy and legislative solutions designed to eliminate cancer as a major health problem. As the nation’s leading advocate for public policies that are helping to defeat cancer, ACS CAN ensures that cancer patients, survivors, and their families have a voice in public policy matters at all levels of government.

I would like to thank you for this opportunity to submit the following testimony in opposition to LD 1628. This bill exempts health plans offered for sale by a “nonprofit agricultural membership organization” from state laws that regulate health insurance coverage. These plans are often referred to as “farm bureau plans” and allowing their proliferation has the potential to weaken the overall effectiveness of the Affordable Care Act (ACA) by exposing consumers, particularly those with pre-existing conditions, to significant financial risk, segmenting the individual market risk pool and unnecessarily inflating insurance premiums for people who rely on comprehensive coverage provided through the ACA marketplaces.

Having adequate and affordable health insurance coverage is a key determinant for surviving cancer. Research from the American Cancer Society shows that uninsured Americans are less likely to get screened for cancer and thus are more likely to have their cancer diagnosed at an advanced stage when survival is less likely and the cost of care more expensive.<sup>i</sup> This not only impacts the nearly 10,090<sup>ii</sup> Mainers who will be diagnosed with cancer this year, but also the more than 95,000<sup>iii</sup> Mainers living today who have a history of cancer.

Whether federal health insurance standards apply to a particular coverage arrangement depends in significant part on whether the arrangement is defined as insurance, and regulated as such, under state law.<sup>iv</sup> As a result, the default approach of most states is to define insurance broadly. However, certain arrangements have been deliberately excluded from the definition of insurance and therefore may operate outside of both federal and state insurance regulation.



As of March 2021, five states — Indiana, Iowa, Kansas, South Dakota and Tennessee — allow the Farm Bureau, a member-based organization representing farmers and their families, to sell to its members health benefit plans that have been carved out from the definition of insurance and exempted from the states’ insurance code. As a consequence of this deliberate exclusion, the Farm Bureau plans in these states are also exempt from all federal standards governing health coverage — meaning that they are effectively unregulated.<sup>v</sup> Such plans may (and do) utilize extensive medical underwriting<sup>vi</sup>, deny enrollment based on an individual’s health status, impose waiting periods and refuse to provide coverage for pre-existing conditions. They are not required to provide Essential Health Benefits (EHB), may charge higher premiums based on whatever factors they wish and may impose annual and lifetime limits on benefits, practices now outlawed by the ACA.

As with other under- and unregulated arrangements that have been discussed by this committee, like short-term limited duration health plans, association health plans, and allowing for the sale of insurance across state lines, enrollees in Farm Bureau plans risk financial hardship and difficulties accessing needed care.

Healthier individuals are likely the only ones that will make it through the medical underwriting process and enroll, leaving older, sicker individuals in the more comprehensive plans, driving up the cost of those plans. As a result, policies that cancer patients need – those that provide more robust coverage of products and services – would become more expensive over time.

The sale of policies that do not have to comply with Maine laws that compete with policies that do can be very confusing to consumers especially when they switch plans and assume the coverage will be subject to the same standards. This is true even when consumers are provided with notice about the inadequacies of such coverage. Many consumers assume if they are purchasing health coverage, it will cover health care services they need. While the competing coverage option may have lower premiums than other plans on the market, these policies can be costlier to the consumer in the long-run because these plans are exempt from many of the key requirements that provide comprehensive coverage and protect consumers from high out-of-pocket costs. Moreover, most individuals do not predict a cancer diagnosis. While the individual may be healthy when they enroll in coverage, a cancer diagnosis can leave them without any coverage at all and facing serious medical bills and debt. When individuals cannot pay for health care services, the costs of those services do not disappear. Instead, the costs of bad debt and charity care are spread across all of those who have health coverage, driving up premiums for all who have health coverage.

For these reasons, we ask you to vote “ought not to pass” on LD 1628. I would be happy to answer any questions you may have about this testimony.

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<sup>i</sup> E Ward et al, “Association of Insurance with Cancer Care Utilization and Outcomes,” *CA: A Cancer Journal for Clinicians* 58:1 (Jan./Feb. 2008), <http://www.cancer.org/cancer/news/report-links-health-insurance-status-withcancer-care>.



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<sup>ii</sup> American Cancer Society. *Cancer Facts & Figures 2021*. Atlanta: American Cancer Society; 2021.

<sup>iii</sup> American Cancer Society. *Cancer Treatment & Survivorship Facts & Figures 2019-2021*. Atlanta: American Cancer Society; 2019.

<sup>iv</sup> Federal health insurance standards apply to “issuer[s],” a term defined in part as any entity “which is licensed to engage in the business of insurance in a State and which is subject to State law which regulates insurance.” 42 U.S.C. § 300gg-91.

<sup>v</sup> More specifically, the plans are not “health insurance coverage” offered by an “issuer” for purposes of the ACA and other federal law standards governing individual market insurance. Nor are they “group health plans” subject to ERISA, since the benefits are offered to individuals outside the context of employment.

<sup>vi</sup> <https://www.wellmark.com/-/media/b93b03f03eb349c486d24e5a8fbfa3e5>, accessed on May 4, 2021.

